



U.S. Department of Justice

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NEWS RELEASE

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Paul J. McNulty, United States Attorney for the Eastern District of Virginia, announced that Ronald R. Bailey, 54, of Sacramento, California, was sentenced on today to 51 months in prison to be followed by 3 years of supervised release. U.S. District Judge Gerald Bruce Lee also ordered Bailey to pay restitution to the Internal Revenue Service in the amount of \$1.4 million.

After a two day bench trial, Bailey was convicted on October 19, 2004, of four counts of filing false individual income tax returns for years 1992 through 1995 and four counts of income tax evasion for years 1997 through 2000. Bailey was the managing partner of Brooke Nursing Center located in Stafford, Virginia.

Bailey failed to report disbursements that he received from Brooke Nursing Center and a predecessor business, Brookwood Nursing Home. Bailey, who failed to file returns since 1984, contended that \$726,000 in payments he received from Brooke Nursing Center were loans. Brooke Nursing Center also failed to file Quarterly Employers Tax Returns for the period 1996 through 2002, and failed to pay the Internal Revenue Service \$819,536 in withheld income and social security taxes, and its share of the medicare taxes. During the trial, the United States contended that Bailey had diverted the withheld employee taxes to his own use.

The case was investigated by agents of the Internal Revenue Service's Criminal Investigation Division and prosecuted by Assistant United States Attorney Dana Boente and Jenny L. Grus, a trial attorney in the Tax Division of the United States Department of Justice.

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